

CLAIM REJECTIONS – 35 U.S.C. § 112, Second Paragraph

The Examiner has rejected claim 7 under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter, which applicants regard as the invention.

Claim 7

With respect to claim 7, the Examiner has stated that:

Applicant's inclusion of claim 7, which is directed to curtailing a transaction in the method of selling power, (note claim 1) is confusing, since it is:

- A) unclear why in a method of selling the transaction should be stopped, i.e. curtailed; and
- B) unclear under what conditions should the transaction be curtailed.

Claim 7 has been canceled, however the limitation of canceled claim 7 is adaptively used in new claims 18, 30, and 42. The reasons for why and under what conditions the transaction should be curtailed may be found in the specification at page 4, line 16. Further explanation of the curtailment process is detailed in the specification at page 28, line 0 through page 36, line 0.

CLAIM REJECTIONS – 35 U.S.C. §103(a)**Claims 1-8, 10, 11 & 15**

The Examiner rejected claims 1-8, 10, 11 & 15 under 35 U.S.C. §103(a), as being unpatentable over either Kirchmayer (U.S. Patent Nos. 2,839,962 or 3,117,221 or 3,214,699) or Starr et al. (U.S. Patent No. 2,841,331) or Early (U.S. Patent No. 2,871,374) or Cohn (U.S. Patent Nos. 2,773,994 or 2,923,832) or Harder (U.S. Patent No. 3,027,084) or Kleinbach et al. (U.S. Patent No. 3,229,110) or Dennison (U.S. Patent No. 3,359,551) or Stadlin (U.S. Patent No. 3,400,258) or Convreur (U.S. Patent No. 3,465,164) in view of either Fraser (U.S. Patent No. 5,644,115) or Silverman et al. (U.S. Patent No. 5,924,082). The Examiner has stated that:

[Any one of Kirchmayer ('962 or '221 or '699) or Starr et al. ('331) or Early ('374) or Cohn ('994 or '832) or Harder ('084) or Kleinbach et al. ('110) or Dennison ('551) or Stadlin ('258) or Couvreur ('164) disclose that it is common practice in the power generation and distribution business for companies that are:

- A) producing power in excess of the company's needs to sell the excess power to surrounding companies.
- B) producing less power than the company's needs to buy the excess power to surrounding power companies.

To accomplish this buying and selling of power, a company would contact nearby power producers in regard to the availability of power, the condition of the transaction, and the associated cost of the power as well as the cost of the transmission of the power. Based on the collected data, the power company would

make a decision to either:

- A) buy power; or
- B) sell power; or
- C) generate more power, if possible; or
- D) curtail a transaction in progress;

based on the economies of the current period so as to provide power to it's customers at the least cost and to maximize profit. This process is equivalent to a process of auctioning power by collection bids/offers to buy or sell power and then accepting the offers.

However, neither Kirchmayer ('962 nor '221 nor '699) nor Starr et al. ('331) nor Early ('374) nor Cohn ('994 nor '832) nor Harder ('084) nor Kleinbach et al. ('110) nor Dennison ('551) nor Stadlin ('258) nor Couvreur ('164) disclose that the participants in the above process of buying and selling power are connected to a database of power generation and distribution companies that are offering to buy/sell power. Whereas in the environment of buying and selling items, either Fraser ('115) or Silverman et al. ('082) disclose a system that uses a centralized collection computer to accumulate a database of offers to sell and offers to buy an item. In these systems, buyers access the central database to enter data about an offer to buy an item and to view and/or accept the offers to sell the item. Further, in these systems, seller access the central database to enter data about offers to sell an item and view and/or accept the offers to buy them. Where the systems of either Fraser ('115) or Silverman et al. ('082) aid in the process of buying and selling item by increasing the speed of the transactions.

Since the systems of either Fraser ('115) or Silverman et al. ('082) would permit the power companies to accomplish the purpose of providing power to it's customers at the least cost and to maximize profit, it would have been obvious to one of ordinary skill at the time the invention was made that the trading systems of either Kirchmayer ('962 or '221 or '699) or Starr et al. ('331) or Early ('374) or Cohn ('994 nor '832) or Harder ('084) or Kleinbach et al. ('110) or Dennison ('551) or Stadlin ('258) or Couvreur ('164) could be modified to be implemented on a computerized network so as to automate the process as taught by either Fraser ('115) or Silverman et al. ('082)....

As per claim 3, it is noted that to aid in the presentation of the offers to buy or sell in the systems of either Kirchmayer ('962 or '221 or '699) or Starr et al. ('331) or Early ('374) or Cohn ('994 nor '832) or Harder ('084) or Kleinbach et al. ('110) or Dennison ('551) or Stadlin ('258) or Couvreur ('164) as modified by either Fraser ('115) or Silverman et al. ('082) the offers to buy should be separated from the offers to sell so as to make it easier for the user to distinguish an offer to buy from an offer to sell.

As per claim 4, it is noted that in the environment of distributing power it would not be beneficial to overload the power distribution, it would have been obvious to one of ordinary skill to check the limits of the affect[ed] system before making a transaction in the systems of either Kirchmayer ('962 or '221 or '699) or Starr et al. ('331) or Early ('374) or Cohn ('994 or '832) or Harder ('084) or Kleinbach et al. ('110) or Dennison ('551) or Stadlin ('258) or Couvreur ('164) as modified by either Fraser ('115) or Silverman et al. ('082).

Claims 1-8, 10, 11 & 15 have been canceled. While claim 12 previously depended from canceled claim 1, it has been amended to incorporate the limitations of canceled claim 1. Nonetheless, claims 12-14, as amended, are non-obviousness despite the teachings of either Kirchmayer (U.S. Patent Nos. 2,839,962 or 3,117,221 or 3,214,699) or Starr et al. (U.S. Patent No. 2,841,331) or Early (U.S. Patent No. 2,871,374) or Cohn (U.S. Patent Nos. 2,773,994 or 2,923,832) or Harder (U.S. Patent No. 3,027,084) or Kleinbach et al. (U.S. Patent No. 3,229,110) or Dennison (U.S. Patent No. 3,359,551) or Stadlin (U.S. Patent No. 3,400,258) or Couvreur (U.S. Patent No. 3,465,164) in view of either Fraser (U.S. Patent No. 5,644,115) or Silverman et al. (U.S. Patent No. 5,924,082). Neither Kirchmayer (U.S. Patent Nos. 2,839,962 or 3,117,221 or 3,214,699) nor Starr et al. (U.S. Patent No. 2,841,331) nor Early (U.S. Patent No. 2,871,374) nor Cohn (U.S. Patent Nos. 2,773,994 nor 2,923,832) nor Harder (U.S. Patent

No. 3,027,084) nor Kleinbach et al. (U.S. Patent No. 3,229,110) nor Dennison (U.S. Patent No. 3,359,551) nor Stadlin (U.S. Patent No. 3,400,258) nor Convreur (U.S. Patent No. 3,465,164) in view of either Fraser (U.S. Patent No. 5,644,115) or Silverman et al. (U.S. Patent No. 5,924,082), teach, suggest, or give any incentive to make the needed changes to reach the presently claimed invention. All cited references actually teach away from the presently claimed invention because they merely teach methods and apparatuses for controlling and managing more efficiently the generation of electricity in a system as opposed to a method which can be utilized in creating a nationwide trading environment for the electronic purchase and sale of electric energy, the scheduling and usage of the transmission system, and the automated invoicing and electronic funds transfer for the settlement of transactions as in the presently claimed invention.

For example, **Kirchmayer '692** merely discloses "an apparatus for automatically controlling the generation or output of a plurality of generator and generating stations that is capable of loading for maximum economy, holding tie line power interchange to previously arranged schedules automatically, and, simultaneously, holding the system frequency at a predetermined value." (column 1, line 70 through column 2, line 4).

Kirchmayer '699 discloses an improved apparatus for automatically controlling the generation or output of a plurality of generators, generating stations and generating systems comprising an integrated power system that is capable of loading for maximum economy, and simultaneously holding the system frequency at a predetermined value. (column 2, lines 55-60). The Kirchmayer '699 invention further discloses that its improved apparatus utilizes individual automatic dispatching systems and means for computing, deriving and utilizing control signals for the automatic economic interchange of power between the local systems. (column 2, lines 62-66).

Kirchmayer '221 simply discloses an "apparatus for computing the economic interchange of power between member systems of a power pool and more particularly" an apparatus for "computing the optimum amount of power to be delivered to each member system of a power pool by other member systems while also computing the economic allocation of generation within each member system." (column 1, lines 8-13). The apparatus generates "signal pairs representing the incremental costs of power at predetermined locations in an

integrated power transmission system for exchange of power by pairs of the n local power transmission systems, and in response to differences between the two values of each signal pair, for computing the required change of generation of each of the local systems to equalize the values of the corresponding signal pair. A local computer of the type previously described is provided for computing for each local system the economic allocation of generation therein." (column 3, lines 29-38).

Starr et al. '331 only discloses an incremental cost computing device capable of quickly determining the incremental cost of a generating station within a very small error. (column 1, lines 67-72). The Starr et al. '331 apparatus provides "a continuous or rapidly produced indication of the corrected incremental cost of each generating unit based on presently existing fuel costs and operating conditions. Such information may then be used as a basis for dispatch of power into the network." (column 2, lines 1-6).

Early '374 discloses a computer network system for loading interconnected generating stations forming an electrical power system so that the total cost of system generation (including losses) is a minimized. (column 1, lines 15-23).

Cohn '994 simply discloses that it "invention relates to the control of the generation of power in the component areas, stations or units of a distribution network," (column 1, lines 15-17) and further states that "[i]t is an object of the present invention to effect sharing of load between generating stations and/or generating units in predetermined relationship despite their unequal rates of response to a demand for changed generation." (column 1, line 18-21). Moreover, the Cohn '994 claims are directed only at a system designed for "controlling the generation of a group of generating sources operating under a schedule and connected to a common power distribution network." (column 19, lines 60-64)

Cohn '832 only discloses an improved system for computing the generation requirements of an area to facilitate a scheduled interchange of power with a distribution network including at least one remote generating area. (column 1, lines 15-26).

Harder '084 merely discloses an analogue type of computer adapted to solve a plurality of simultaneous equations which define the incremental delivered power costs for respective power stations for any power delivery point in the system. (column 2, lines 2-8).

Kleinbach et al. '110 discloses an apparatus and system for automatically controlling the

power interchange between interconnected electric systems at different locations by an instant comparing the energy costs of the respective systems.

Dennison '551 only discloses a system for controlling the operation of a power distribution network in which signal are transmitted over power lines to a plurality of receivers which perform electrical circuit connections and disconnections in response to the received signals. The Dennison '551 invention is basically a load control system for electric power distribution lines, and pertains more particularly to a system for controlling load conditions at their locations from a remote vantage point through the agency of appropriately processed digital signals transmitted via the power lines themselves. (column 1, lines 13-29).

Stadlin '258 simply discloses a system for "computing and/or controlling the allocation of electrical generation among sources in a plurality of areas interconnected to form a pool." (column 1, lines 10-12) "It is therefore an object of the invention to provide a type of load control that at any needed time will satisfactorily and reliably decrease the overall load connected thereto to the extent necessary to maintain system stability. (column 1, lines 35-39). As further disclosed, "In carry out the present invention a means are provided for computing and controlling for a particular load condition the generation of a plurality of generators which are grouped as stations, the stations being interconnected by transmission lines to form separate areas. The areas are in turn interconnected by tie-lines to form a power pool and the computation and control are directed to establishing values of generation for those generators or stations such as to enable the pool to carry its own load at a minimum cost." (column 2, lines 57-66).

Couvreur '164's invention solely relates to "a system for automatically controlling the production of power in electric networks which form part of a group interconnected by high tension lines and operating in synchronism." (column 1, lines 25-28) A logic means is disclosed which allows a control signal to be "effective only in specified conditions and within prescribed limits in order to reduce the power deviation in a variable manner according to the actual working conditions in the interconnected network." (column 1, lines 16-22).

Silverman et al. '082 discloses "a negotiated matching system which identifies potential counterparties to a transaction using criteria input by each user of the system and then enables communication between the counterparties so that the parties may negotiate the final terms and/or details of the transaction." (column 1, lines 12-18) The invention further discloses "a

method of identifying potential counterparties to a transaction according to filtering criteria input by system users and then enabling communication between the counterparties so that they may negotiate the terms and/or details of the transaction.” (column 1, lines 19-22). The invention is specifically directed at a system for trading financial and other types of credit-complex trading instruments.

Fraser '115 discloses a system and method for matching buyers and sellers through a remote terminal interacting over a telephone line with a host computer, wherein the system offers: readily available online access to a database containing several property listings; online search capabilities permitting a prospective buyer to select a group of properties based on a set of criteria; listings of properties according to an identification number known only to the system's operator, thereby preserving seller anonymity; qualification of buyers based on information supplied by the buyer; and a means of transmitting information about an interested buyer to a seller. (column 2, line 63 – column 3, line 7). However, the Fraser '115 invention is specifically directed at merely identifying and screening potential buyers and sellers of property. The deal is never consummated via the disclosed system.

To establish a *prima facie* case of obviousness three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves, or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations.

The teaching or suggestion to make the claim combination and the reasonable expectation of success must both be found in the prior art, and not based on Applicant's disclosure. It is not sufficient for an obviousness rejection for Examiner to simply state that it would have been obvious to make the claimed combination. The references must be considered as a whole and must suggest the desirability of making the combination. *In re: Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991); *Hodosh v. Block Drug Co., Inc.*, 786 F.2d 1136, 1143 n.5, 229 USPQ 182, 187 n.5 (Fed. Cir. 1986); MPEP §§ 2141-42.

A *prima facie* case of obviousness is established when the teachings of the prior art itself suggest the claimed subject matter to a person of ordinary skill in the art. *In re Bell*, 991 F.2d 781,

783, 26 U.S.P.Q.2d 1529, 1531 (Fed. Cir. 1993). The inquiry is not whether each claimed element existed in the prior art, but whether the invention as a whole is obvious in light of the prior art. One function of the *prima facie* burden is to require the Patent Office to set forth specific objections, which can be met by the applicant, and not just make general rejections. *In re Epstein*, 32 F.3d 1559, 31 U.S.P.Q.2D 1817, 1820 (Fed. Cir. 1994) (Plager, J., concurring).

A fundamental notion of patent law is the concept that invention lies in the new combination of old elements. Therefore, a rule that every invention could be rejected as obvious by merely locating each element of the invention in the prior art and combining the references to formulate an obviousness rejection is inconsistent with the very nature of "invention." As one court has noted:

An invention lies in a combination of elements that are themselves mundane....
Unless the prior art itself suggests the particular combination, it does not show that
the actual invention was obvious or anticipated.

In re Mahurkar Patent Litigation, 831 F.Supp. 1354, 1374, 28 USPQ2d 1801, 1817 (N.D. Ill. 1993). Consequently, a rule exists that a combination of references made to establish a *prima facie* case of obviousness must be supported by some teaching, suggestion, or incentive contained in the prior art which would have led one of ordinary skill in the art to make the claimed invention. A proper *prima facie* case of obviousness must be supported by some teaching or suggestion contained in the combined references. Applicant respectfully submits that the references cited cannot be combined to produce the claimed invention. The rule is:

Obviousness cannot be established by combining the teachings of the prior art to produce the claimed invention absent some **teaching, suggestion or incentive** supporting the combination.

In re Geiger, 815 F.2d 686, 688, 2 U.S.P.Q.2d 1276, 1278 (Fed. Cir. 1987)(emphasis added). The examiner has not pointed out a teaching, suggestion, or incentive in the prior art to create a method for creating a nationwide trading environment for the electronic purchase and sale of electric energy, the scheduling and usage of the transmission system, and the automated invoicing and electronic funds transfer for the settlement of transactions comprised of connecting the participants to a database display, displaying a price for the quantity of electrical energy by establishing a database of current hour offers, establishing a database of next hour offers, displaying the next hour offers during the current hour, and stopping the consummation of next

hour transactions at a predetermined time during the current hour. The cited references do not expressly or implicitly suggest the claimed invention, nor has Examiner presented a convincing line of reasoning as to why the artisan would have found the claimed invention to have been obvious in light of the teaching of the references. In fact, Examiner has presented no reason at all why the combinations are obvious but only states that they are obvious. Therefore, Examiner has not established a *prima facie* case of obviousness. When the motivation to combine the teachings of the references is not immediately apparent, it is the duty of the Examiner to explain why the combination of the teachings is proper. *Ex parte Skinner*, 2 USPQ2d 1788 (Bd. Pat. App. & Inter. 1986); MPEP § 2142. Here, Examiner has done little more than to make a conclusory statement that the motivation to combine the references is obvious.

Therefore, amended claim 12, which incorporates the limitations of canceled claim 1, as well as dependent claims 13 and 14, are not obvious in view of any one of Kirchmayer (U.S. Patent Nos. 2,839,962 or 3,117,221 or 3,214,699) or Starr et al. (U.S. Patent No. 2,841,331) or Early (U.S. Patent No. 2,871,374) or Cohn (U.S. Patent Nos. 2,773,994 or 2,923,832) or Harder (U.S. Patent No. 3,027,084) or Kleinbach et al. (U.S. Patent No. 3,229,110) or Dennison (U.S. Patent No. 3,359,551) or Stadlin (U.S. Patent No. 3,400,258) or Convreur (U.S. Patent No. 3,465,164) in view of either Fraser (U.S. Patent No. 5,644,115) or Silverman et al. (U.S. Patent No. 5,924,082).

CLAIM REJECTIONS – Doctrine of Double Patenting

Claims 1-15

The examiner has provisionally rejected claims 1-15 under the judicially created doctrine of double patenting over claims 16-39 of copending Application No. 09/516,646. The Examiner has stated that:

The subject matter claimed in the instant invention is fully disclosed in the referenced copending application and would be covered by any patent granted on that copending application since the referenced copending application and the instant application are claiming common subject matter, as follows: the instant claims are the original version of the allowed claims from the 08/516,646 application.

Pursuant to Examiner's suggestion, a terminal disclaimer is attached which disclaims the terminal part of the statutory term of any patent granted on the instant application, which would extend beyond the expiration date of the full statutory term of Application 09/516,646, now U.S.

Patent No. 6,115,698.

CONCLUSION

Applicant has adopted the Examiner's suggestions and believes the claims are in condition for allowance. It is respectfully urged that the subject application is patentable over references cited by Examiner and is now in condition for allowance. Applicant requests consideration of the application and allowance of the claims. If there are any outstanding issues that the Examiner feels may be resolved by way of a telephone conference, the Examiner is cordially invited to contact David W. Carstens at 972.367.2001.

The Commissioner is hereby authorized to charge any additional payments that may be due for additional claims to Deposit Account 50-0392.

Respectfully submitted,

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